

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7102

BILL NUMBER: HB 1340

NOTE PREPARED: Jan 8, 2010

BILL AMENDED:

SUBJECT: Government Ethics.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: *Ethics Ordinance:* The bill authorizes a political subdivision to adopt an ordinance relating to the ethics of the officials, former officials, employees, former employees, appointees, and former appointees of the political subdivision. It provides that the ordinance may exceed the standards of the statute.

Ethics Commission: It requires the ordinance to establish an ethics commission with powers to enforce the ordinance.

Existing Ethics Ordinance: The bill provides that the statute does not supersede an ethics ordinance adopted by a political subdivision before July 1, 2010, to the extent that the ordinance is not inconsistent with the statute.

Lobbyist Registration: The bill also requires the registration as lobbyists of individuals who act or communicate to promote, delay, oppose, or otherwise influence an action of an agency of a political subdivision. It requires local lobbyists to file annual reports. It authorizes the imposition of lobbyist registration fees. The bill provides that a local lobbyist may not give a gift of cash to an official, employee, or appointee of the political subdivision.

Effective Date: July 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Ethics Commission:* This bill could increase costs for political subdivisions by requiring the subdivision to establish an ethics commission, if an ethics ordinance is adopted. The costs of the provision will depend on the organizational structure of the ethics commission in the political subdivision and the number of ethics violations brought to the ethics commission.

Lobbyist Registration: Additionally, the workload of the clerk of a political subdivision could increase to receive statements from lobbyist, review the statements for accuracy, notify lobbyist of materially incorrect information, receive revised statements, and maintain documents for at least four years. These costs may be offset by fee revenue from a registration fee proscribed by the political subdivision's code of ethics.

Background Information - Ethics Ordinance: This bill allows political subdivisions to adopt local ethics ordinances concerning the ethics of officers, former officers, employees, former employees, special appointees, and former special appointees of the political subdivisions. The ethics ordinance must establish an ethics commission for the political subdivision with enforcement powers for the commission. The ethics ordinance may exceed the requirements of the state statute; provide for a local code of ethics; and provide for other details considered appropriate by the legislative body and that are not inconsistent with the statute. The ordinance may not relieve an official, employee or appointee of the political subdivision of a requirement imposed by state statute.

Lobbyist Registration: A lobbyist must file a registration statement with a clerk 15 days after making contact with an agency regarding an agency action. Each year by January 15, a lobbyist is to file an annual report with the clerk. Among the items in the annual report, the lobbyist must include the name, business address, and electronic mail address of each real party in interest represented by the lobbyist; the identity of any agencies to which lobbying activities were directed; the subject matter of the lobbying; a description and cost of entertaining, food and drink, honoraria, travel expenses, and registration fees given or provided; and a verified statement certifying that the lobbyist has read and complied with the political subdivision's code of ethics, if any.

A lobbyist, under the bill, is an individual who is primarily employed and receives payments or financial consideration of more than \$1,000 in a calendar year for lobbying activities. The term does not include an official, appointee, or employee who attempts to influence an agency action; an attorney or other person who represents another party in a public hearing or investigation; a person who represents a religious organization; a newspaper or other publication; or a person who collects information from an agency for a bid, procurement, permit, or public work.

Explanation of Local Revenues: *Lobbyist Registration:* A political subdivision's code of ethics may proscribe a fee to register lobbyists. Fees would be deposited in the political subdivision's general fund.

State Agencies Affected:

Local Agencies Affected: Political subdivisions.

Information Sources:

Fiscal Analyst: Jessica Harmon, 317-232-9854.